

FISCAL NOTE

SB 527 - HB 542

March 7, 2001

SUMMARY OF BILL: Prohibits the recoupment, modification or denial of any payment by a health insurance company or managed care entity to a pharmacy services provider for service that was preauthorized. The bill would not apply to payments as a result of misrepresentation or fraud. The bill applies to TennCare MCOs but not to employee benefit plans covered by federal regulations (ERISA). Gives the Department of Commerce and Insurance authority to conduct periodic examinations to ensure compliance and to bring action against an insurer when necessary.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$32,000 Recurring
\$ 2,750 One-Time**

**Other Fiscal Impact - Increase Federal Expenditures -
\$32,000 Recurring
\$ 2,750 One-Time**

Assumes a need for one insurance examiner and related expenses in the Department of Commerce and Insurance.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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